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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: *Common Carrier Bureau Seeks Additional Comments on Issues Related to CLEC Access Charge Reform*
CC Docket No. 96-262
Ex Parte Meeting

Dear Ms. Salas:

On February 13, 2001, David Cosson and John Kuykendall of Kraskin, Lesse & Cosson, LLP met with Dorothy Atwood, Jeffrey Dygert, Jack Zinman and Glenn Reynolds of the Common Carrier Bureau to discuss the Rural Independent Competitive Alliance's ("RICA's") Comments and Reply Comments filed in response to the Commission's Request for additional comments on issues related to CLEC access charge reform (*Public Notice*, DA 00-2751, rel. Dec. 12, 2000). Comments were due January 11, 2001; Reply Comments were due January 26, 2001.

The discussion included informing the Common Carrier Bureau staff of the need for a "rural exemption" applicable to a potential benchmark level of interstate access charges as well as further explanation of RICA's proposal for a rural exemption (see attached summary). The discussion also included a brief discussion of an Opinion and Order issued by the Public Utilities Commission of Ohio ("PUC") (see attached Order p. 17) in which the PUC decided, in the context of intrastate access rates, that CLEC access rates should be capped at existing access rate levels unless the CLEC can justify a higher access rate and mandated that IXCs shall not refuse to interconnect with a CLEC because of its tariffed access rates.

Please contact me if there are any questions regarding this matter.

Sincerely yours,

John Kuykendall

cc: Dorothy Atwood
Jeffrey Dygert
Jack Zinman
Glenn Reynolds

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RICA's Proposed Rural Exemption

A Rural CLEC is defined as:

> a local exchange carrier that provides telephone exchange and other telecommunications services that are an alternative to the telephone exchange and other services offered by the incumbent local exchange carrier to the extent that such rural CLEC provides telephone exchange and other telecommunications services to any area that does not include either (1) any incorporated place of 20,000 inhabitants or more, or any part thereof, based on the most recently available population statistics of the Bureau of Census; or
> (2) any territory, incorporated or unincorporated, included in an urbanized area, as defined by the Bureau of Census as of August 10, 1993;

- This proposed definition does not seek to apply the definition set forth in the Communications Act of 1934, as amended (the "Act") of a Rural Telephone Company to Rural CLEC rate benchmark eligibility, but does follow the structure of the first and second alternative definitions of a Rural Telephone Company at Sections 3(37)(A) and (B) of the Act.[1]

- The population limit in the RICA proposal uses 20,000 to include the somewhat larger populated rural areas that have been traditionally poorly served by the large ILEC and are now have alternative improved service from the rural CLEC. Nevertheless, the 20,000 population limit is a conservative figure which will limit the availability of the rural exemption to some RICA members and other rural CLECs affiliated with rural ILECs.

- Although the RICA proposal presented in the August 4, 2000 ex parte letter included a provision taken from Section 3(37)(B) which would have provided an alternative eligibility for CLECs with less than 50,000 access lines, RICA has withdrawn this alternative from its proposal.

- Rather than impose a percent limit of access lines in larger communities as is done in section 3(37)(D), RICA proposed that the rural definition apply "to the extent that" a rural CLEC meets the population definition. The proposal was made in the context of establishing a presumption of reasonableness for rates for interstate access at or below a benchmark. Thus, "to the extent" that a rural CLEC provides access service to subscribers in areas not meeting the test, for example in a city of 25,000 population, the access rates charged there would not be eligible for the rural presumption of reasonableness.

- RICA's proposed definition does not require ETC status to be obtained in order to receive the rural exemption.

- RICA agrees with two of Sprint's guidelines: (1) that in order to qualify as a rural CLEC, the CLEC would have to make its services available to all customers in its service area and not limit service to business customers and (2) that the average NECA rate is a reasonable rate.

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[1] *See* 47 U.S.C. § 153(37).

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Investigation Into the Modification of Intrastate Access Charges.	)))	Case No. 00-127-TP-COI

OPINION AND ORDER

The Commission, after considering all of the comments and revenue information filed in this docket, hereby issues this Opinion and Order.

OPINION:

I. Introduction

On January 20, 2000, the Commission formally initiated Case No. 00-127-TP-COI (00-127) to consider whether and how intrastate access rates should be modified. We invited comment on a number of issues and required the submission of certain revenue and access rate information. We required the revenue information and initial comments to be filed by May 31, 2000. Reply comments were due June 20, 2000.

By entry dated May 18, 2000, the examiner granted an extension of time for filing the initial and reply comments in this docket. Interested stakeholders were permitted until June 20, 2000, to file initial comments and until July 12, 2000, to file reply comments with the Commission.

On May 31, 2000 (as supplemented on August 25, 2000), the following incumbent local exchange carriers (ILECs) in Ohio filed the 1999 access revenue information required by the Commission:

Ameritech Ohio (Ameritech);
ALLTEL Ohio Inc. (ALLTEL);
CenturyTel of Ohio Inc. (CenturyTel);
The Chillicothe Telephone Company (Chillicothe);
The Cincinnati Bell Telephone Company (CBT);[1]
United Telephone Company of Ohio Inc., d.b.a. Sprint (Sprint/United);
Verizon North Inc., formerly known as GTE North Incorporated (Verizon); and
The Western Reserve Telephone Company (Western Reserve).

Additionally, Ameritech and CBT provided charts reflecting access rate components if calculated under the Commission-approved, total element long-run, incremental cost (TELRIC) rates and revenue information under that pricing.

1 CBT's initial access revenue information was not docketed with the Commission by the May 31, 2000 due date. It was filed on June 12, 2000. We will accept it as timely filed.

Moreover, 34 small ILECs[2] filed the updated access revenue and rate information required by the Commission.[3]

On June 20 and July 12, 2000, the following 51 entities filed initial comments and/or reply comments in this docket:

ALLTEL;
Ameritech;
Arcadia Telephone Company;
Arthur Mutual Telephone Company;
Ayersville Telephone Company;
Association of Communications Enterprises, formerly the Telecommunications Resellers Association (ASCENT);
AT&T Communications of Ohio, Inc. (AT&T);
Bascom Mutual Telephone Company;
Benton Ridge Telephone Company;
Buckeye TeleSystem;
Buckland Telephone Company;
CBT;
CenturyTel;
Champaign Telephone Company;
Columbus Grove Telephone Company;
Continental Telephone Company;
Conneaut Telephone Company;
CTSI, Inc. (CTSI);
Doylestown Telephone Company;
Farmers Mutual Telephone Company;
Fort Jennings Telephone Company;
Frontier Communications of Michigan, Inc.;
Germantown Independent Telephone Company;
Glandorf Telephone Company Inc.;
Kalida Telephone Company;
Little Miami Communications Corporation;
McClure Telephone Company;
McLeodUSA Telecommunications Services, Inc.;
Middle Point Home Telephone Company;
Minford Telephone Company;
New Knoxville Telephone Company;

2 Small ILECs are those incumbent local exchange companies in Ohio with less than 15,000 access lines. Section 4927.04(B), Revised Code.

3 At that same time, the 34 small ILECs, which provided updated access rate and revenue information filed a motion for a protective order. These companies argue that the information is proprietary and confidential. Additionally, they argue that public disclosure of this information may adversely impact their ability to individually transact business with and/or compete against other entities. Finally, they noted that a similar protective order was sought for similar financial information in September 1999 and the Commission has kept that information confidential since. ***In the Matter of the Commission Investigation of the Intrastate Universal Service Discounts***, Case No. 97-632-TP-COI. We find that this financial information should be granted a protective order. Accordingly, the small ILECs' motion for a protective order shall be granted.

The Nova Telephone Company;
Oakwood Telephone Company;
Ohio Consumers' Counsel (OCC);
Orwell Telephone Company;
The Ottoville Mutual Telephone Company;
Pattersonville Telephone Company;
The Ridgeville Telephone Company;
Sherwood Mutual Telephone Association Inc.;
Sprint Communications Company, L.P. (Sprint);
Sprint/United[4];
The Sycamore Telephone Company[5];
Telephone Service Company;
Teligent Services Inc.;
Time Warner Telecom of Ohio, L.P.;
Vanlue Telephone Company;
Vaughnsville Telephone Company;
Verizon;
Wabash Mutual Telephone Company;
Western Reserve[6]; and
WorldCom, Inc. (WorldCom).

II. Background

Access charges are the fees paid by long distance telephone companies for the use of (or access to) parts of the local network needed to complete long distance calls. Access charges are imposed by local telephone companies upon long distance companies. Currently, the Commission requires ILECs, for the most part, to mirror on an intrastate basis their federal access rate structure. ***In the Matter of the Commission's Investigation Relative to Establishment of Intrastate Access Charges***, Case No. 83-464-TP-COI, Subfile C (May 21, 1984, and March 12, 1987). This requirement stems from a Commission investigation conducted a number of years ago, when the Commission sought to establish company-specific, cost-based intrastate access rates, but found that task unsuccessful. *Id.* at 16. Except for the carrier common line charge (CCLC), Ohio's incumbent LECs have been mirroring their respective interstate access tariffs. The intrastate CCLC was capped by the Commission at 1987 levels. We note, however, that Ameritech, CBT, and Verizon have, as a result of merger conditions and alternative regulation plans, taken steps to reduce or eliminate the intrastate CCLC.

In 1996, as a result of a complaint filing, the Commission again faced the question of the appropriate rate-setting methodology for intrastate access charges. ***AT&T Communications of Ohio v. Ameritech Ohio,*** Case No. 96-336-TP-CSS, Opinion and

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4 Sprint and Sprint/United filed joint comments in this docket. Those comments will be referenced as "Sprint companies" comments.

5 The Doylestown Telephone Company, The Nova Telephone Company, The Ridgeville Telephone Company, and The Sycamore Telephone Company filed comments as part of the small ILECs and also filed joint comments in this docket. Those latter comments will be referenced as "DNRS" comments.

6 ALLTEL and Western Reserve filed joint comments in this docket. Those comments will be referenced as "ALLTEL companies" comments.

Order at 21 (September 18, 1997). At that time, the Telecommunications Act of 1996 had become law and the Federal Communications Commission (FCC) had adopted a cost-based methodology for unbundled network elements and transport and termination of local traffic. Relying upon this Commission's stated goal in ***Intrastate Access Charges***, AT&T, WorldCom (then only MCI Telecommunications Corporation), and OCC advocated the use of the FCC's recently developed, incremental cost methodology for establishing the appropriate level of access charges for Ameritech. The Commission concluded, instead, that mirroring should continue because the FCC had just implemented reforms to interstate access charges[7] that, when mirrored, would appropriately alter the application of certain charges (flat-rate or traffic-sensitive rates) and also would require sizeable, prescriptive reductions in certain access rate elements. ***AT&T v. Ameritech***, supra at 18-19. The Commission reiterated its belief that a competitive market, rather than regulation, can more appropriately determine the level and timing of price charges in the access market. ***Id.*** at 20.

On May 31, 2000, the FCC adopted and released a decision in ***In the Matter of Access Charge Reform***, CC Docket Nos. 96-262 et al. (96-262), Sixth Report and Order, concerning the Coalition for Affordable Local and Long Distance Services' (CALLS) proposal to restructure the interstate access charges of federal price cap carriers. The FCC's CALLS decision, among other things, eliminated the interstate presubscribed interexchange carrier charge (PICC) to residential and single-line business customers, raised the interstate residential and single line business subscriber line charge (SLC), added $650 million to the federal universal service fund (USF), and effectuated certain traffic-sensitive access charge reductions for interexchange carriers (IXCs). Moreover, the IXC participants to the CALLS proposal committed to flow through federal access reductions to customers through the five-year term of the plan and committed to eliminate minimum usage charges. The FCC's CALLS decision was effective on July 1, 2000. Those ILECs in the state of Ohio affected by the FCC's CALLS decision include Ameritech, CBT, Sprint/United, and Verizon. Members of the CALLS proposal are: AT&T Corp., Bell Atlantic Telephone Companies, BellSouth Corporation, GTE Service Corporation, SBC Communications Inc., and Sprint.

In an entry issued June 29, 2000, the Commission noted that several of the issues addressed by the FCC in the CALLS decision are currently being investigated in Ohio in 00-127. Consequently, to allow us the opportunity to thoroughly review the comments and proposals from interested persons on the intrastate access issues, the Commission elected to not require ILECs in Ohio affected by the FCC's CALLS decision to mirror the FCC's revised July 1, 2000 traffic-sensitive access charges. Therefore, with limited exceptions, Ameritech, CBT, Sprint/United and Verizon were required to set their respective intrastate access rates equal to June 30, 2000 levels until the Commission issued a decision in 00-127 or until December 1, 2000, whichever occurred first. The Commission next noted that, consistent with the requirements of Ameritech's alternative regulation stipulation[8], Ameritech shall eliminate its intrastate residential and single line business PICC and its ISDN-BRI PICC. Regarding other access charges, however, the Commission directed Ameritech to continue to set its

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7 96-262, ***supra***.

8 ***In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation***, Case No. 93-487-TP-ALT (April 27, 2000).

intrastate charges for those services equal to June 30, 2000 levels. However, consistent with the requirements of its alternative regulation plan, Ameritech was permitted, on its own assessment of the marketplace, to reduce its access charges to IXCs. As for Verizon, the Commission noted that it had required the company to reduce intrastate access rates by $5 million[9] and reaffirmed that requirement. Finally, the Commission concluded that, because it is interested in investigating access rate reduction flow-throughs in this state, Ohio's larger IXCs (i.e., AT&T, Qwest Communications Company [Qwest], Sprint, and WorldCom) shall work with the staff to arrive at proposed plans for the implementation of intrastate interexchange rate reductions.

On July 17, 2000, AT&T sought reconsideration of the June 29, 2000 ruling (through an application for rehearing, motion for a stay, motion for an escrow, and motion for expedited rulings). On August 15, 2000, we denied AT&T's requests. AT&T appealed our rulings with respect to not mirroring the CALLS ruling. The Ohio Supreme Court dismissed that appeal without opinion on October 25, 2000. ***AT&T Communications of Ohio, Inc. v. Pub. Util. Comm.***, 90 Ohio St. 3d 1447 (2000).

On November 30, 2000, we decided to indefinitely extend the requirement that local carriers in Ohio affected by the CALLS decision keep their respective intrastate access rates equal to June 30, 2000 levels.

III. Comments Received

We point out that, in this decision, we have not attempted to summarize all the comments for every question we posed on January 20, 2000. We have, however, considered the comments in their entirety and included a summary of the more fundamental issues, which guide our analysis and our ultimate conclusion.

A. Overview of Comments

Not surprisingly, we received a large number of comments that advocated several different approaches for addressing intrastate access charges. Generally, the comments fall into two categories. On the one hand, several parties contend that above-cost access rates have serious anti-competitive effects and there is a need to alter the access rate structure. AT&T, WorldCom, and OCC state that above-cost access rates artificially inflate consumer long distance rates and allow ILECs to engage in price squeezes by pricing their toll offerings near or below their access rates (AT&T Initial Comments at 2; OCC Initial Comments at 9; WorldCom Initial Comments at 3-4). Sprint and Sprint/United contend that high access charges allow a competitor to construct local facilities and undercut the ILEC's access charges (Sprint companies Initial Comments at 2). AT&T and the Sprint companies maintain that achieving cost-based access rates in an expeditious manner will serve a tremendous benefit to Ohio consumers (AT&T Initial Comments at 1; Sprint companies Initial Comments at 6).[10]

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9 ***In the Matter of the Joint Application of Bell Atlantic Corporation and GTE Corporation for Consent and Approval of a Change in Control***, Case No. 98-1398-TP-AMT (February 10, 2000).

10 AT&T estimates that elimination of the non-cost based intrastate access rate elements (i.e., CCLC, RIC, PICC, and IS for the large Ohio ILECs alone would reduce intrastate access charges by approximately $110 million (AT&T Initial Comments at 1). If the Commission choses to cap all

OCC argues that properly based access rates will encourage competition (OCC Initial Comments at 9). The Sprint companies contend that properly priced access charges are necessary to comport with the legal requirements of the 1996 Telecommunications Act; namely, those provisions requiring explicit universal service subsidies (Sprint companies Initial Comments at 2). ASCENT states that competitive forces in the marketplace will not likely cause LECs to reduce access prices (ASCENT Initial Comments at 2).

On the other hand, many ILECs and CLECs contend that the Commission should not alter the intrastate access charge framework. The reasoning behind this position varies. Some note that the current access structure has been quite effective in reducing the intrastate access charges and, therefore, nothing needs changing at this time (ALLTEL companies Reply Comments at 3; CBT Initial Comments at 2; CTSI Initial Comments at 3, 7). The ALLTEL companies submit that the current system of mirrored access rates in Ohio, coupled with the recent adoption of the CALLS Plan, will address access reform in Ohio without the need of this proceeding (ALLTEL companies Initial Comments at 2, 4, 5, 29; ALLTEL Reply Comments at 3). The ALLTEL companies note that, as to non-price cap carriers, the FCC is continuing to examine access reform for rate-of-return carriers and, therefore, the Commission should continue to monitor those proceedings (ALLTEL companies Initial Comments at 5, 18, 29; ALLTEL companies Reply Comments at 3.). Thereafter, these two companies suggest that the Commission could examine the results and determine whether it will make similar changes in intrastate access (*Id.*).

The small ILECs prefer that the Commission's policy of mirroring interstate access charges be continued for small ILECs (small ILEC Initial Comments at 5). However, if the Commission chooses to evaluate the access charges of the small ILECs, the small ILECs urge the Commission to recognize their unique status and bifurcate this proceeding between large and small ILECs (*Id.* at 11). A state USF or a SLC may need to be established to allow for the recovery of revenues lost to access reductions (*Id.* at 20-22, 23). The small ILECs also suggest, because of major access reform events[11] unfolding in the federal jurisdiction that directly impact rural companies, the Commission may wish to wait until anticipated events are acted upon by the FCC to proceed with implementation of intrastate access reform for small Ohio ILECs (*Id.* at 11-12, 18, 28-29; DNRS Initial Comments at 1, 5). Even so, the small ILECs believe their Ohio USF Plan, as proposed in ***Universal Service Discounts, supra***, is a workable solution to access reform for small companies and they remain committed to working with the Commission on this matter (small ILEC Initial Comments at 1-2, 3, 28-29).

Ameritech claims that cost-based reductions in access charges could restrict any competition in the access market (Ameritech Initial Comments at 3). In other words,

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intrastate access rates at the mirrored level, including the CCLC, AT&T believes the result would be a $66 million decrease in intrastate access charges (*Id.* at 1-2).

11 Those events include: the filing of a rural-company access and universal service plan by the Multi-Association Group (MAG) and the expected Joint Board-appointed Rural Task Force recommendation of a rural-company cost model for universal service funding. The MAG members include the Organization for the Promotion and Advancement of Small Telephone Companies, the United States Telecom Association, the National Telephone Cooperative Association, and the National Rural Telecom Association.

pricing access rates on the basis of incremental costs as proposed by the IXCs will not likely lead to any incremental benefits over the current system to consumers and, therefore, the current intrastate framework should not be altered (Ameritech Reply Comments at 2, 3-4). Moreover, several commenters raise the argument that the IXCs' track record with regard to pass through of access rate reductions is not encouraging and the likelihood of any benefit that does reach end-users being proportionally shared by all consumers is even less so (ALLTEL companies Initial Comments at 3; DNRS Initial Comments at 8).

Teligent and Time Warner maintain that it would be extremely burdensome, both to the Commission and to CLECs, to regulate CLEC access rates (or any other CLEC rates, for that matter) in the same manner as ILEC access rates (Teligent Initial Comments at 2; Time Warner Initial Comments at 5). In both companies' view, it is unnecessary to regulate the rates that CLECs charge at any level of detail because the markets that CLECs have entered are, by definition, competitive and because such activity will impose unnecessary costs on carriers that are already straining to build out their networks (*Id.*). Teligent alleges that large IXCs possess disproportionate bargaining power in the establishment of interexchange access arrangements with facilities-based CLECs (Teligent Initial Comments at 3). Even if Teligent could present detailed cost analyses demonstrating that its access costs warrant access rates higher than those charged by the ILEC, it contends that the IXCs would either refuse to interconnect or restate the charges according to the level of those charged by the ILEC unless the Commission were to require otherwise (*Id.* at 5).

B. Mirrored, Cost-Based, or CALLS Rates

AT&T, OCC, WorldCom, and the Sprint companies agree that company-specific evaluations are the means for altering access rates. AT&T and the Sprint companies submit that the Commission cannot allow the ILECs to reap the benefits of these excessive access revenues without any showing of need (AT&T Initial Comments at 3, 7; Sprint companies Initial Comments at 13). If a need is demonstrated, AT&T believes that the Commission has the evidence and the guidelines to resolve this issue via a state USF, consistent with the principle of competitive neutrality (AT&T Initial Comments at 4, 21, 24-25). Nevertheless, AT&T and the Sprint companies contend that the Commission legally cannot allow the ILECs to recoup universal service funding through access charges (*Id.* at 4; Sprint companies Initial Comments at 1-2). AT&T acknowledges that small Ohio ILECs should be allowed to demonstrate a need to recover lost access revenues from a USF but, nonetheless, a scheduled transition to cost-based access rates is appropriate (AT&T Initial Comments at 8-9).

AT&T and WorldCom believe that a fundamental problem exists that makes it difficult for switched access rates to be driven to cost through competitive mechanisms (AT&T Comments at 13; WorldCom Initial Comments at 6). That fundamental problem is the absence, in Ohio, of an alternative source or a reasonable substitute available to the party demanding the service (AT&T Initial Comments at 13-15; AT&T Reply Comments at 19; Sprint companies Initial Comments at 11, 14). WorldCom states that there are few, if any, alternative suppliers of switched access service for the vast majority of Ohio's local telephone customers within ILEC service territories (WorldCom Initial Comments at 6). Hence, AT&T, WorldCom, and other IXCs have very few circumstances wherein they can exercise an option to receive switched access services from an alternative supplier (*Id.* at 7). Further, there are no reasonable substitutes for switched access service. Therefore, according to AT&T and WorldCom, the only possibility for switched access service rates to be restrained is for the Commission to use its regulatory authority, as a proxy for competition and drive prices toward their underlying economic costs (AT&T Initial Comments at 19; WorldCom Initial Comments at 7, 9). Furthermore, WorldCom submits that even if there were robust local exchange competition, the resulting competitive market forces would not constrain prices for terminating switched access (WorldCom Initial Comments at 7-8).

Similarly, ASCENT states that, even if over time additional competitors enter the market, the combined market for competitive access alternatives would not rival the incumbent's vast networks, resulting in minimal competitive pressure to bring access charges to economic levels (ASCENT Initial Comments at 2).

AT&T and WorldCom contend that a forward-looking, TELRIC methodology is most appropriate for pricing intrastate access services (AT&T Initial Comments at 7, 9-11, 21; WorldCom Initial Comments at 1). They argue that pricing access services at forward-looking costs would bring many direct benefits to consumers and would encourage the development of economically efficient competitive alternatives, with further consumer benefits (WorldCom Initial Comments at 1-5). For companies such as Ameritech and CBT for which TELRICs are available, they urge the Commission to require these companies to immediately reduce their intrastate access rates to those TELRIC levels (AT&T Initial Comments at 7). Until TELRICs (or comparable long-run service, incremental cost studies) are made available for the other ILECs, AT&T thinks the Commission should require the adoption of Ameritech's TELRIC-based rates as a proxy for other company cost-based rates (AT&T Initial Comments at 7-8, 21-22). WorldCom suggests that, for ILECs for which forward-looking costs (or TELRIC costs) have not been adopted, the Commission should direct those ILECs to develop and submit such studies for review and adoption by the Commission (WorldCom Initial Comments at 1).

OCC rejects TELRIC and mirroring but, instead, proposes that access charges be set at forward-looking costs that include a reasonable share, at least 25 percent, of the loop after evaluation of cost studies specific to each LEC (OCC Initial Comments at 4, 11-13, 21-22, 33, 35). For OCC, reductions in LECs' intrastate access charge rates -- whether due to mirroring of FCC-determined interstate rates or to independent action of this Commission -- do not automatically entitle a specific LEC to replacement revenues from another source (*Id.* at 16-20, 40, 53, 55). Additionally, OCC states that reductions to intrastate access charges that the IXCs pay must be accompanied by a flow-through of those reductions to the IXCs' basic service customers (*Id.* at 60, 61). OCC has a different opinion as to competitive pressures. OCC maintains that competition, in the near term, will not result in access service prices that are set at economic levels (*Id.* at 36). However, CALLS' prescriptive approach, according to OCC, will result in interstate access charges that, standing alone, are <u>below</u> economic levels, not reflecting any of the joint loop cost (*Id.* at 24). OCC argues this is because the FCC has "off-loaded" the joint costs onto the super-SLC and this is one reason why the CALLS decision should not be mirrored in Ohio (*Id.* at 23-25, 37).

The Sprint companies state that the Commission should not continue to mirror, subject to limited intrastate exceptions, FCC prices for access (Sprint companies Initial Comments at 1). The Sprint companies maintain that competitive forces in the access services marketplace, in conjunction with the continued mirroring of the FCC's price caps pricing methodology, will not result in ILEC access service prices that are set at economic levels (*Id.* at 11). Nor will competitive forces by themselves bring access service to economic cost levels (*Id.*). Therefore, the Sprint companies argue that the Commission should adopt the Sprint companies' three-step methodology to transition intrastate access rates to TELRIC (*Id.* at 3, 6,-7, 13). They contend that the rate structure of access services should be governed by cost-causation, meaning that all access functions should have access costs associated with them and that the method of charging for access should reflect the manner in which these costs are incurred by the LEC. First, the Sprint companies argue that the Commission should determine company-specific TELRIC costs for access-related elements, which should be the same as reciprocal compensation since TELRIC for reciprocal compensation is approximately the same as intrastate access (*Id.* at 6; Sprint companies Reply Comments at 6). Second, the Commission should calculate the implicit subsidy, which is equal to the revenue difference between current access rates and TELRIC rates (Sprint companies Initial Comments at 6). Third, the Commission should transition, over four years, the implicit subsidy to another revenue source, such as rate rebalancing, an intrastate end-user SLC, universal service funding, or a carrier charge (*Id.*).

The Sprint companies state that, since the loop is neither traffic-sensitive nor a cost-of-access service, it should not be recovered in access service rates (Sprint Initial Comments at 7). Rather, these companies argue that the Commission should require that the loop cost be recovered from the cost-causer on a per-line basis, either through rate rebalancing or an intrastate SLC (*Id.*). If the Commission determines that recovery of implicit subsidies currently contained in access rates from the cost-causer (end-user) is not feasible, the Sprint companies believe the Commission should require ILECs to implement a per-minute-of-use Carrier Charge (CC) (*Id.*). This proposed CC would be comprised of all CCLC revenues, IS revenues, RIC revenues, and the revenue differential between current traffic sensitive rates and TELRIC reciprocal compensation rates (*Id.*). The Sprint companies contend that the CC revenues should be permitted to grow annually based upon access line growth (*Id.* at 8).

The Sprint companies, OCC, the ALLTEL companies, and AT&T do not support mirroring the FCC CALLS plan in Ohio because CALLS is a comprehensive plan for <u>interstate</u> access charges (Sprint Companies Initial Comments at 8-10; OCC Initial Comments at 20-21, 23-25, 38; ALLTEL companies Initial Comments at 2; AT&T Initial Comments at 20). The CALLS proposal is a comprehensive plan to, among other things, implement access charge reform by removing implicit subsidies and replacing those subsidies with increases to the SLC and with a new interstate access universal support mechanism (Sprint companies Initial Comments at 8). Because the CALLS Order is a comprehensive solution of historically contentious issues regarding federal access charges, several companies state that it would be fundamentally unmerited and unreasonable to, at the intrastate level, adopt only a portion of the restructuring required by CALLS (*Id.* at 8, 12; Sprint companies Reply Comments at 2, 5; Verizon Initial Comments at 11; Verizon Reply Comments at 1; Ameritech Initial Comments at 6, 10).

Previously, CenturyTel advocated mirroring of interstate access charges because mirroring eliminates concerns about arbitrage, is less burdensome to administer, and eliminates the need for long distance companies to charge different rates for intrastate toll calls (CenturyTel Initial Comments at 1). However, in light of continued federal access reform, CenturyTel now advocates that the Commission either: (1) establish carrier access prices based upon several key considerations, including TELRIC principles; or (2) truly mirror the FCC's prices with no exceptions, including mirroring SLCs and universal service funding (through a process that allows a revenue neutral rebalancing) (*Id.*).

Similar to CenturyTel's second suggestion, Verizon believes that access charges should reflect the long-run incremental cost of providing access, which is the "price floor," plus a reasonable contribution to the ILEC's common costs (Verizon Initial Comments at 6, 8). But, Verizon states that access charges should be set at this cost-based level only when the current level of support (or "contribution") generated by access charges is replaced on a dollar-for-dollar basis with explicit support, e.g., through rate rebalancing and a USF (*Id.* at 2-4, 6, 12, 20, 22). Verizon submits that alleged "competitive forces" and the mirroring of the FCC's pricing methodology will not necessarily result in efficiently established access service prices and will not preserve and advance universal service (*Id.* at 9). Verizon maintains that access charges will be reduced through "cream-skimming", not through efficient competition (*Id.*). The company further maintains that the mirroring of interstate access charges will harm universal service unless a sufficient, explicit intrastate USF is established (*Id.*). In reply, Verizon states that the CALLS plan improves the status quo, benefits consumers, and is pro-competitive (Verizon Reply Comments at 8).

The ALLTEL companies, Ameritech, CBT, CTSI, and the small ILECs contend that forward-looking, long-run incremental costs should not be used to develop intrastate access rates (ALLTEL companies Initial Comments at 8-10, 25-26, Ameritech Initial Comments at 1-4; CBT Initial Comments at 2-3; CBT Reply Comments at 3-5; CTSI Initial Comments at 7; DNRS Initial Comments at 3; small ILECs Initial Comments at 3, 4). In support of this position, many companies note that the FCC rejected the use of forward-looking cost methodologies for switched access service pricing, at least because of the substantial, unpredictable impact those methodologies could have on real world pricing (ALLTEL companies Initial Comments at 4, 7-8; CBT Initial Comments at 2; Ameritech Initial Comments at 8; Verizon Reply Comments at 4). CBT contends that the TELRIC methodology is not appropriate for four other reasons: (1) TELRIC does not reflect actual costs, but rather attempts to reflect a theoretical network based on totally new equipment and the latest technologies; (2) the TELRIC methodology does not allow for the recovery of real costs that are appropriate for ILECs to recover (e.g., embedded costs); (3) many of the components of a TELRIC study are extremely controversial among the parties impacted; and (4) the Commission itself has concluded that TELRIC costs did not constitute the cost of providing switched access service (*Id.* at 2). Ameritech points out that, as both the FCC and the Commission found, adopting a prescriptive approach could lead to arbitrage and could impede competition in the access marketplace (*Id.* at 3).

The ALLTEL companies and Ameritech contend that mirroring interstate rates has resulted in significant reductions in intrastate access charges (ALLTEL companies Initial Comments at 16; Ameritech Initial Comments at 4). CBT notes that, in addition to competitive pressure on CBT's access prices, incentive forms of regulation (federal and state) have reduced CBT's average intrastate switched access per minute and generated an estimated $25.2 million in annual savings for long distance carriers (CBT Initial Comments at 4). Ameritech states that the Commission should continue to follow the FCC's lead in establishing access rates (*Id.*). Ameritech alleges that the CALLS decision represents a market-based solution, which creates economically viable rates for intrastate access service and should be fully mirrored in the intrastate jurisdiction in Ohio (*Id.*). Ameritech further alleges that mirroring the CALLS structure and rates will result in significant reductions in intrastate access rates for telephone companies, lower toll rates, and create a more economically rational rate structure for local exchange service end users (*Id.* at 6). In Ameritech's view, there is no reason for the Commission to consider a TELRIC standard for intrastate access services for CALLS companies that fully mirror the federal approach (*Id.*).

Ameritech recommends that the Commission consider the needs of the small companies as a separate and distinct group from other ILECs (Ameritech Initial Comments at 6, 12). For those companies which are not included in the FCC's CALLS order and which are not small companies, the Commission should compare those companies originating intrastate access rates to the CALLS companies' rates (Id.). If these companies' originating intrastate rates are within a reasonable range of the CALLS rates, then Ameritech suggests that such rates should be considered to be reflective of a market-based based approach (*Id.*). If the company's originating rates differ substantially from the CALLS rates and no agreement is reached or plan filed by the company to move its rates towards a more economically sustainable level and structure, Ameritech recommends that the Commission comprehensively review the companies' access rates (*Id.*).

In CTSI's view, TELRIC is the appropriate methodology to measure an ILEC's actual cost to provide access services, but access charges should not be set at TELRIC at this time (CTSI Initial Comments at 7). According to CTSI, mirroring of the CALLS access structure and interstate access charges, generally, will result in ILEC access prices that are closer to economic cost levels (*Id.*). Of greatest interest to CTSI is the ability to deaverage rates in a manner that makes providing service to high cost, rural areas and second-and third-tier markets possible, and to have the rates capped at the NECA rates (*Id.* at 5).

The small ILECs state that, for small ILECs, it is inappropriate to modify Ohio's mirroring of the pre-January 1, 1998 access rates policy prior to the FCC's resolution of access reform, separations reform, and USF issues for rural companies (small ILECs Initial Comments at 2, 4; DNRS Initial Comments at 2, 9). In addition, they maintain that an offsetting cost-recovery mechanism such as a state USF and some form of local service pricing flexibility must be in place (small ILECs Initial Comments at 5). They argue that modifications to small ILEC intrastate access charge levels and structures must only be done as part of a comprehensive effort that continues to provide both the incentive and the ability to make necessary infrastructure investments (*Id.* at 4). In addition to the fact that there is no legal requirement to price access at TELRIC and such an action could have an immediate and harmful effect on universal service, the small ILECs state that conducting TELRIC studies to determine access costs would be a significant burden and expense for small companies (*Id.* at 5). Moreover, these companies state that the Commission should not require small companies to utilize a TELRIC methodology for determining intrastate access costs or prices because TELRIC does not include any contribution for joint and common costs, which are a large part of small ILEC total costs (DNRS Initial Comments at 3). From the small ILECs' perspective, continued mirroring of access rates resulting from the FCC's price cap methodology, combined with competitive forces, will drive access rates down (small ILECs Initial Comments at 8).

Time Warner maintains that the Commission should neither require ILECs to utilize a TELRIC methodology for pricing their intrastate access services, nor require ILECs to reduce intrastate access charges to mirror recent reductions mandated by the FCC's adoption of the CALLS proposal (Time Warner Initial Comments at 2). Instead, Time Warner argues that the Commission should rely on ILEC responses to CLEC competitive entry in the provision of access services in order to reduce ILEC access charges below their current levels (*Id.* at 2-3). Not only would prescribing access charges based on TELRIC or interstate rates create new market distortions, according to Time Warner, but this approach would also make it more likely that distortions created by regulation would remain a problem in the future (*Id.*). Time Warner state this is because, by lowering prices, the Commission would reduce the margins available to facilities-based entrants, make entry less likely, and, therefore, makes it less likely that competition will drive down ILEC access charge rates in the future (*Id.*). Additionally, Time Warner argues that mirroring the CALLS rate reductions should not also mean the adoption of the CALLS end user local rate increases (*Id.* at 3, 6). Increases to local end user charges should only occur after examining forward-looking, local service costs (*Id.*).

IV. Discussion

We find ourselves again faced with the question of whether the current rate-setting methodology in Ohio should be changed and company-specific incremental costs substituted. As in 1997, we also find ourselves in a position where the mirrored federal rate structure has undergone changes during the pendency of an Ohio proceeding in which we are evaluating whether to continue to adhere to the mirroring policy. As we noted earlier, the CALLS decision recently involved a number of changes to federal access charges for certain Ohio telecommunications carriers. While the interstate access rates changed, we chose to maintain intrastate access rates at their June 30, 2000 level, during the pendency of our consideration of a full range of issues applicable to many of Ohio's telecommunications carriers.

Determining company-specific, cost-based access charges for every area of the state is a daunting task. While the Commission between 1983 and 1987 attempted to obtain necessary information to reach such conclusions, we were unsuccessful. Today, we have additional cost information available, but the task would no doubt still be difficult, time consuming, and litigious. Moreover, the cost methodology to be used for determining the appropriate cost of access service is still an unresolved and contentious issue in Ohio. Additionally, we must also acknowledge that changes in access levels can raise concerns over revenue streams that support affordable local exchange service (in fact, such arguments have been raised in the comments in this docket). Modifications to access charges requires us to balance what can be conflicting, but important, interests, such as promoting competition, establishing reasonable rates, maintaining affordable rates for all, and avoiding rate shocks for consumers.

From a policy standpoint, the Commission concluded back in 1987 that mirroring federal rates should "enable all telephone companies in this state to operate in the current environment with greater flexibility to respond to the competitive challenges of the future." ***Intrastate Access Charges***, supra at 16. In 1997, we pointed out that we continued to believe that, through mirroring, market forces can affect intrastate access rates by lowering them. ***AT&T v. Ameritech, supra***. Moreover, we felt that a competitive marketplace is generally better at establishing appropriate prices than intermittent regulatory determinations. ***Id.*** at 18. Since both of those Commission decisions, intrastate access rates have dropped significantly. We, however, have to recognize that much of the reductions in access rates that have occurred have largely been due to the prescriptive reductions at the federal level (for the federal price cap carriers), as well as the result of various decisions of this Commission which have been cited earlier. Thus, we are faced with a preference for competitive pricing, but with the knowledge that the actual reductions have largely resulted only from regulatory intervention.

In 1997, we stated that a market-based approach to setting intrastate access charges (which included mirroring federal price cap plans for Ohio's largest LECs) would cushion against the potential negative effects of a quick-moving prescriptive approach[12], while also achieving a goal of increased local telephone competition. ***AT&T v. Ameritech, supra*** at 18. Nothing has transpired since that time to convince us that the risks associated with a quick-moving and dramatic prescriptive approach have lessened or been eliminated, despite the arguments made in this docket. For those reasons, we are still hesitant to require the dramatic reductions advocated by AT&T, WorldCom, and the Sprint companies. As we have stated before, access reform is an important policy decision that can have ramifications far beyond the level of access charges themselves. ***Id.*** Therefore, we remain inclined to allow a competitive marketplace to affect access charges on an intrastate level. Given the history of how access rates have actually decreased, we also consider periodic, gradual reductions for the federal price cap carriers operating in Ohio the wisest course of action to again ensure that those access rate levels are, in fact, moving toward cost. Along with the developing competitive local market, these access changes should generate competitive pressures that will spread and make it difficult for all ILECs in Ohio to maintain access above economic levels.

The Commission concludes that mirroring the federal CALLS' rate caps and rate reductions (including CCLC reductions to parity with their federal counterparts for those companies that currently have a CCLC and are affected by the FCC's CALLS

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[12] Those negative effects include arbitrage and/or impeding competition in the access services marketplace. ***AT&T v. Ameritech, supra*** at 18.

decision) for Ameritech, CBT, Sprint/United, and Verizon is appropriate for Ohio at this time and would again move Ohio's access charges toward cost. The CALLS rates will benefit consumers, are pro-competitive, and will promote economic efficiency. We think the CALLS modifications are appropriate to mirror on the intrastate level (where applicable) and are in the public interest.

These CALLS reductions would be significant and immediate to the per-minute carrier access charges. As OCC points out, these four LECs collect 88 percent of the access revenues generated in Ohio (OCC Initial Comments at 2 and Attach. B). The cost to the long distance carrier for use of the local networks for the vast majority of long distance calls in Ohio will experience these reductions. This will place competitors in the long distance market on more equal footing and promote competition in that market. We find these facts to be particularly persuasive.

We also would be remiss not to note that three of the four affected Ohio ILECs and two of the largest IXCs in Ohio were members of CALLS and supported the reductions at the federal level, while knowing that Ohio has historically mirrored those types of rate reductions. At the time the initial CALLS proposal was submitted to the FCC (July 1999), Verizon had not yet been formed, but both Bell Atlantic Corporation and GTE Corporation were members of CALLS. Likewise, Ameritech's merger with SBC Communications Inc. had not yet been completed but, by the time that CALLS submitted its modified proposal (March 2000), Ameritech was part of the SBC family and SBC participated in CALLS. We point this out so that the reader understands that, despite the merger activity taking place in 1999 and 2000, Ameritech, Sprint/United, and Verizon were proposing federal reductions that they should have believed would be or likely would be mirrored on an intrastate level in Ohio, given Ohio's mirroring history.

As noted above, some LECs are concerned that the dramatic reductions advocated by AT&T, WorldCom, the Sprint companies, and OCC would severely impact local exchange end user rates. There is no direct evidence in this docket that the CALLS' reductions will, in fact, have such an effect in Ohio. However, we are aware that the CALLS package adopted by the FCC did not simply reduce access rates. The CALLS package reduced traffic-sensitive access rates, while also increasing the federal SLC caps. As the FCC explained, this part of the CALLS package made explicit the implicit universal service funding in federal access charges. ***96-262, supra*** at 13. In Ohio, there is no intrastate SLC. Thus, the decreases in traffic sensitive rates on the intrastate side are not offset by corresponding increases in non-traffic sensitive rates as in other states. In this order, we do not address any rebalancing of local rates to match and/or cover the access reductions. If one of the affected LECs finds an overall, company-wide substantial revenue impact will result from our order today, it can attempt to demonstrate such to us (through a filing in this docket) and we will evaluate that information and alleged impact. We point out that we are still addressing the whole issue of intrastate universal service in ***Universal Service Discounts, supra***.

Interexchange carriers will not be the only ones to experience the benefits of mirrored rate reductions ordered today. We find that AT&T, Qwest, Sprint, and WorldCom should be required to flow through all mirrored intrastate access reductions to their end users. AT&T and Sprint agreed to flow through the federal reductions as part of the CALLS package (***96-262, supra*** at 15). We can see no reason why Ohio end users should not directly experience the benefits so aggressively sought through this docket. We note that, in the past when access reductions were sought, AT&T and MCI Telecommunications Corporation (the two largest long distance carriers in the country) offered to flow through rate reductions ordered by this Commission. ***AT&T v. Ameritech, supra*** at 10. This situation is analogous, and Ohio's end users should directly benefit from the rate reductions we order today.

We had, in our June 29, 2000 order, required Ohio's larger IXCs (i.e., AT&T, Qwest, Sprint, and WorldCom) to work with the staff to arrive at proposed plans for the implementation of intrastate interexchange rate reductions. Not one of those IXCs complied with our directive. We, nevertheless, can reach a conclusion on the appropriate manner in which the flow-through should occur. AT&T, Qwest, Sprint, and WorldCom should flow through the reductions in an across-the-board fashion. By this, we mean that the reductions should not be targeted to one type of toll service or customer class. Thus, as these four long distance companies pay reduced access charges to the involved ILECs, the toll customers in those ILEC territories should likewise see reduced toll charges. We believe that toll customers should share fairly and proportionately (not necessarily equally) in the flow-through. A toll customer with little usage should experience a proportionate decrease in its toll bill to a toll customer with greater usage. We also recognize that the toll end user's price decreases will likely vary. We will require AT&T, Qwest, Sprint, and WorldCom to take such into consideration in developing their flow-through plans. Our decision on this point is not intended to require, for instance, flow-throughs for all toll customers in Ameritech's territory to equal the flow-throughs for all toll customers in Sprint/United's territory. We do not believe that it is acceptable for a toll provider to flow through the reductions selectively, depending upon the characteristics of the customer.

As for the other large Ohio ILECs (ALLTEL, Western Reserve, CenturyTel, and Chillicothe) and the small Ohio ILECs, we are concerned that several issues still under consideration by the FCC could significantly "weigh in" on the companies' access issues on an intrastate level. Specifically, we are referencing the MAG proposal[13] and the expected Joint Board-appointed Rural Task Force recommendation of a rural-company cost model for universal service funding. Because of those sizeable concerns, we believe it is best, at this point in time, to defer a ruling on access charge modifications for those ILECs. We will, however, take such federal rulings into consideration when they are available.

Also, there were several issues raised in this docket specific to the CLEC access scheme. ASCENT and Buckeye Telesystem argue that the Commission should not establish rate caps for CLECs because smaller CLECs may have higher costs (ASCENT Initial Comments at 3; Buckeye Telesystem Initial Comments at 2). Teligent similarly states that CLEC access rates that are the same or lower than ILEC access rates should be presumed reasonable and CLECs should be able to justify higher access rates

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[13] On January 5, 2001, the FCC requested comments on the MAG proposal. ***In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers***, CC Docket No. 00-256, Notice (January 5, 2001).

(Teligent Initial Comments at 6; Teligent Reply Comments at 3-4). If the Commission decides that access rate caps are necessary, ASCENT states that CLECs should be permitted to justify higher access rates (*Id.*). The Sprint companies argued that CLECs should not be allowed to charge access rates that exceed those of the ILEC because CLECs have no incentive to compete for provision of access service to IXCs (Sprint companies Initial Comments at 13-14). Verizon also alleged that there should be no CLEC rate caps, unless with explicit funding (Verizon Initial Comments at 13-14). CTSI also stated that caps for CLECs should be at the NECA rate caps (CTSI Initial Comments at 9 CTSI Reply Comments at 2-4, 6). We find that CLEC access rates should be capped at existing access rate levels (the levels in place at the time this decision is issued), unless the CLEC can justify (with appropriate cost support) a higher access rate and receive Commission approval thereof. The CLECs should have the flexibility to establish their access rates at lower levels, if they feel the competitive market justifies the lower rate. Also, Teligent alleged that large IXCs possess disproportionate bargaining power in the establishment of interexchange access arrangements with facilities-based CLECs and the IXCs use that bargaining power to either refuse to interconnect or require other access charges according to the level of those charged by the ILEC (Teligent Initial Comments at 3). We believe that such game playing by IXCs is inappropriate. We shall specifically preclude IXCs from refusing to interconnect with a CLEC at tariff-approved access rates, unless the CLEC agrees to the IXC's desired access rate.

V. Conclusion

For all of the above reasons, we conclude that the following changes to Ohio's intrastate access charge framework should be instituted at this time.

A. For Ameritech, CBT, Sprint/United, and Verizon:

These four ILECs shall implement the access rate caps and access rate reductions contained within the CALLS decision where applicable. Ameritech, CBT, Sprint/United, and Verizon shall file (in this docket) the necessary proposed tariff revisions within 20 days of this decision. Those proposed tariffs will be reviewed and any approval will be forthcoming in a separate Commission ruling. With the issuance of this Opinion and Order, the Commission believes that it will again significantly alter the level of intrastate access charges for the long distance carriers providing the vast majority of long distance services in the state of Ohio. This decision provides many benefits, bringing lower rates to long distance carriers and to toll customers. We also believe it eliminates implicit subsidies, supports more efficient competition, provides certainty for some of the industry, and can promote stronger investment opportunities. Additionally, the Commission finds that mirroring the CALLS access rates will provide stability during its effectiveness (a five-year term) and will be in the public interest. The Commission believes the results adopted today offer a reasoned and balanced approach that is geared not only toward meeting the divergent needs of the telecommunications industry, but also will continue to allow all telephone companies in this state to operate in an environment that has the flexibility to respond to developing competitive pressures.

B. For ALLTEL, Western Reserve, CenturyTel, Chillicothe, and the Small ILECs:

We choose to defer a ruling until additional information is available on these providers' access issues. Such additional information could include, but is not limited to, the FCC decisions in its pending dockets regarding rural LEC universal service reform, rate-of-return issues, and the MAG proposal on interstate access reform. This deferral recommendation was made by a number of commenters (DNRS Initial Comments at 1, 5; small ILECs Initial Comments at 11-12, 18, 28-29) and we feel that it is a wise approach. Moreover, our consideration of ***Universal Service Discounts, supra***, should be completed and/or coordinated with our consideration of reformulating the access charges of these ILECs. As a result, we will consider at a later time what, if any, access charge reductions are appropriate for ALLTEL, Western Reserve, CenturyTel, Chillicothe, and the small ILECs in Ohio. For these reasons, we conclude that the docket should remain open until otherwise determined by the Commission.

C. For CLECs:

These carriers' access rates shall be capped at existing access rate levels, unless they can justify (with appropriate cost support) a higher access rate and receive Commission approval thereof. The CLECs can establish their access rates at lower levels, if they feel the competitive market justifies the lower rate. In this respect, market forces will alter the access charge levels of these carriers. We reiterate that IXCs shall not refuse to interconnect with a CLEC because of its tariffed access rates.

D. Flow-Through of Access Reductions

We direct AT&T, Qwest, Sprint, and WorldCom to flow through the access reductions ordered in this decision. Each of these companies shall file (in this docket) a proposed plan for implementing the flow-through requirement, along with proposed tariff revisions. The plans and tariff revisions will be examined before any implementation. Any approval will be forthcoming in a separate Commission ruling. Those companies shall file the flow-through plans and necessary proposed tariff revisions in order to carry out the directives of this order within 20 days of this decision. After approval of the flow-through plans and proposed tariff revisions, our staff will monitor the flow-through efforts and should obtain any necessary information from the toll providers to verify that the flow-through was accomplished in accordance with this decision.

ORDER:

It is, therefore,

ORDERED, That CBT's June 12, 2000 filing is deemed timely filed. It is, further,

ORDERED, That the small ILEC's request for a protective order is granted. It is, further, ORDERED, That our Docketing Division shall maintain as confidential the items filed under seal on May 31, 2000, by the small ILECs for a period of 18 months from the date of this decision. Any party wishing to extend this confidential treatment should file an appropriate motion at least 45 days in advance of the expiration of the protective order. It is, further,

ORDERED, That all affected telecommunications carriers in Ohio comply with this Opinion and Order. It is, further,

ORDERED, That Ameritech, CBT, Sprint/United, and Verizon reduce their intrastate access rates to mirror the CALLS rate caps and rate reductions. These decreases shall include reductions to the intrastate CCLC to parity with its federal counterparts. Those four companies shall file, within 20 days of this decision, proposed tariff revisions (in this docket) to carry out this directive. It is, further,

ORDERED, That AT&T, Qwest, Sprint, and WorldCom flow through the access reductions ordered in this decision. Those companies shall file proposed flow-through plans and tariff revisions in this docket, for our review and approval, within 20 days of this decision. It is, further,

ORDERED, That Case No. 00-127-TP-COI remain open until otherwise ordered by the Commission. It is, further,

ORDERED, That a copy of this Opinion and Order be served upon all commenters of record to this proceeding.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schriber, Chairman

Ronda Hartman Fergus

Judith A. Jones

Donald L. Mason

GLP;geb

Entered in the Journal
January 11, 2001

Gary E. Vigorito
Secretary

Signed by Commissioners
Schriber
Fergus
Mason